



February 2004



SCHOOL FINANCE UPDATE

A Monthly Newsletter Published by the School Finance Division

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Linda McCulloch, State Superintendent

This monthly newsletter is emailed to school districts, county superintendents, county treasurers, and auditors. The newsletter is intended to reach all district staff involved in budgeting, accounting, enrollment, special education funding, and federal programs. Please forward this information to all interested parties. Got suggestions for items to include here? We'd love to hear from you!

Preliminary Budget Data Sheets to be Issued March 1

Preliminary Budget Data Sheets for FY 2004-05 will be posted on the OPI website on March 1, 2004. The Budget Data Sheets reflect direct state aid, ANB, special education block grant rates, disproportionate cost funding and GTB subsidies. OPI Contact: Bonnie Maze (406) 444-3249 or bmaze@state.mt.us.

New Clerks' Workshop Scheduled for April

The Montana Association of School Business Officials (MASBO) will hold a 2-day training session for new (and almost new) clerks. The session will be held in Helena on April 22 and 23, 2004. MASBO representatives, including Betty Brumwell (Dutton K-12), Kathy Preeshl (K-G), Gracie Green (Roundup), and Gary Craft (Jefferson HS) will be presenters. Discussions will cover numerous basic and advanced topics—payroll, elections, paying the bills, and reconciling the accounts, to name a few. This session is a "Must" for clerks, and is also helpful for county superintendents, county treasurers, and anyone else interested in the school business office. MASBO charges for the session. To register, call Lynda Brannon at 442-5599 or email her at masbo@in-tch.com

SB 424: Retirement Costs for FY05



When budgeting for salaries and retirement costs for FY05, be aware that SB 424 allows districts to charge retirement costs to the retirement fund when the salary "and health-related benefits, if any," are charged to non-federal funds or the school food program. That is, in order to pay retirement costs using the retirement fund for a staff person, both the person's *salary and the health-related benefits* (i.e., health insurance premiums) must be paid from non-federal funds or school food program funds. For example, assume Employee A's salary is paid using the general fund but the health insurance is charged to a Federal grant. The district cannot charge the retirement fund for Employee A's benefits. However, if the district pays Employee B's salary and health insurance from the general fund, the retirement costs can be charged to the retirement fund. For an employee paid from both federal and non-federal sources, the district should charge the health-related benefits to the federal and non-federal funds proportionally to the salary.

Questions or comments about this newsletter?
Contact Joan Anderson at (406) 444-1960 or
janderson@state.mt.us.

The retirement costs charged to the retirement fund and the federal grant must also be paid in that proportion. For example, if a teacher is paid 25% using Title I money and 75% using general fund, the employee's health insurance should also be charged 25%/75%. Retirement costs must be paid 25% from the Title I and 75% from the retirement fund. Note: Workers' Comp insurance premiums are not "health-related benefits" and may still be funded 100% from the general fund for all employees.

If you have questions, please call Jim Oberembt at (406) 444-1257 or joberembt@state.mt.us.

Coding Medicaid Payments for SBS and CSCT

Deposit Medicaid receipts in Miscellaneous Programs Fund 15 under a separate project reporter code. Code receipts for regular School Based Services (SBS) using revenue sources 3351-3355. This payment will be a reimbursement for services such as physical therapy, speech therapy, etc. Code the receipt of money under the new Comprehensive School and Community Treatment Services program (CSCT) using revenue source 3356. Code expenditures using expenditure program 100 regular education services or 280 special education services. School districts do not have to maintain effort on Medicaid funds. Call Jim Oberembt at 444-1257 or email him at joberembt@state.mt.us if you have any questions.

Attendance Agreements for Placements

If you have students placed in foster or group homes in your district, here are some tips to ensure your district can claim full tuition:

1. Initiate a tuition agreement when the student enrolls. The foster home or group home should be able to provide an FP-14

attendance agreement form or provide contact information for the placing DPHHS caseworker or court. The caseworker or court should sign the form to acknowledge the state/court placement. If the home informs you that a parent, rather than a state or court person, placed the child in the group home, please contact the DPHHS at (406) 444-5920 to inform them so they can consider assigning a caseworker. DEAP, AWARE, and other such programs are not qualified to make placements on the state's behalf.

2. On the FP-14 form, set the annual tuition cost (or convert the annual cost to a daily rate), and attach an itemization of any special education add-on charges on an FP-14A form. The rate should be set when the student enrolls and may be renegotiated or amended during the year if the student's services are changed.

3. Submit the FP-14 attendance agreement form to your own county superintendent, who will pay you either: a) in the year of attendance, usually after each semester or at year-end after attendance has occurred; or b) the year after, ½ by the following December and ½ by the next June.

4. Submit a bill (usually done with an FP-15 District Tuition Form at year-end). The annual tuition must be prorated based on the number of days enrolled compared to 180.

5. Once a student turns 18, he is a resident of the district in which he himself lives. You can charge tuition up to and including the day a student turns 18.

Has Spring Enrollment Really Sprung???



If your enrollment increased more than 6% over the average enrollment in SY 2002-03, your district may be eligible for additional state funding. Contact: Mike Waterman, (406) 444-4524 or mwaterman@state.mt.us.

6. County Superintendents:

a) Pay tuition to your county's districts only. If you receive a form or charge from a district outside your county, please return it to the district of attendance asking them to contact their own county superintendent.

b) Pay only for state and court placements. (NOTE: If a parent places a student in a group home, this is a case that you can pay, but you or the district should contact DPHHS to notify them a caseworker may be needed. See number 1 above.)

c) Keep a copy of each attendance agreement and bill. OPI requires copies of attendance agreements to document the county's payments, since state money is used.

Any questions? Contact Mike Waterman at (406) 444-4524 or mwaterman@state.mt.us.

FY 2004-05 Tuition Rates

The maximum regular education tuition rates for attendance during FY 2004-05 will be:

- \$403 for Pre-K and Kindergarten
- \$806 for grades 1-8
- \$1,074 for grades 7-8 if the school runs an accredited 7-8 program or junior high
- \$1,074 for grades 9-12

Rates are set under MCA 20-5-323 based on 20% of the per-ANB rate for the year of attendance. Special education add-on rates are calculated under ARM 10.16.3818.

Additional information on tuition in Montana is posted on the OPI web site at <http://www.opi.state.mt.us/SchoolFinance/Tuition.html>. OPI Contact: Mike Waterman (406) 444-4524 or mwaterman@state.mt.us.

Tech Fund or Flex Fund Elections For FY 05

Districts MAY NOT hold a Flex Fund election. There is not state funding for the Flex Fund in

FY05, and consequently there can be no levy, by law. Districts cannot ask voter approval for a Flex Fund levy because law restricts the voted levy to a percentage of the state's payment, which will be zero (20-9-544, MCA). Districts MAY hold a Technology Fund election. The fund can also levy mills in FY05 if a technology fund election was passed in the past and the district is still eligible to levy based on their "un-depreciated" technology assets. OPI will not make a technology aid payment in FY05 unless the timber production during this year meets the threshold to allow a distribution. OPI will be notified of an allocation, if any, in July or August 2004. Districts may ask for voter approval for a limited Technology Fund levy under 20-9-533, MCA.

OPI Contact: Bonnie Maze (406) 444-3249 or bmaze@state.mt.us.

Question of the Month....



How should we pay these costs:

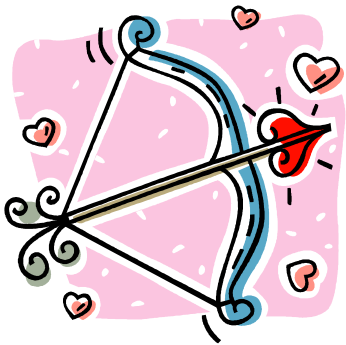
- (a) Termination payouts (i.e., unused sick and vacation leave)? and**
(b) Retirement contributions due on termination payouts?

1. For employees paid from state and local sources or the School Foods Fund:

(a) Charge the termination payouts (unused vacation and sick leave) to the General Fund. You can use the Compensated Absences Fund (21), if you have one, for termination payouts if the employee is non-certified or administrative. (b) Charge retirement contributions on the payouts to the retirement fund. [NOTE: SB 424 allows you to use the retirement fund for retirement contributions for employees paid using state, local, and School Foods funds.] The Compensated Absences Fund is also allowed to pay retirement contributions for payouts to non-certified and administrative personnel, but it's not recommended.

For employees paid using Federal funds:

(a) Charge the **termination payouts** (unused vacation and sick leave) to **either** the general fund or the Indirect Cost Pool in Miscellaneous Programs Fund 15. Federal regulations do not allow grants to directly pay termination payouts [OMB Circular A-87, Attachment B, (11)(d)(3)]. However, districts can use the Indirect Cost Pool to pay termination payouts for Federally paid employees.



To accumulate an Indirect Cost Pool, apply for an indirect cost rate each year, charge that rate against grant projects and accumulate the indirect cost recoveries in an

indirect cost pool (account in Fund 15). When a Federally-paid employee terminates, the Indirect Cost Pool money can be used to partially or totally make the termination payouts.

(b) **Retirement contributions:** If you charged termination payouts to the Indirect Cost Pool, you charge the related retirement contributions to the Indirect Cost Pool, too, or charge them to the General Fund. If you charged termination payouts to the General Fund or Compensated Absences Fund, you can charge the retirement to the retirement fund. (Remember, SB 424 allows that when employees are paid from non-federal sources, the retirement fund can be used for the retirement contributions. General Fund and Compensated Absences Funds are both non-federal.)

OPI Contact: Jim Oberembt at (406) 444-1257 or joberembt@state.mt.us.

Fund Name Changed

OPI is changing the name of Fund 70 DayCare / Preschool Enterprise Fund to **“Fund 70 DayCare Enterprise Fund.”** It recently came to our attention that Section 20-7-117, MCA, provides that school districts may not charge for a preschool program. The school can charge for daycare but cannot charge for preschool, which must be free and must be an integral part of the elementary school. If you have any questions, please contact Jim Oberembt at 444-1257 or email him at joberembt@state.mt.us.

A-133 “Federal” Audits: Due in March

A-133 audits for FY03 must be completed and submitted to the Department of Administration and the OPI by March 31, 2004. For more information about audits, contact Mike Waterman at (406) 444-4524 or mwaterman@state.mt.us.

MASBO Plans Budget Workshops

The Montana Association of School Business Officials (MASBO) will hold budget workshops in 3 locations during March. Sessions are planned for March 7 & 8 in Great Falls, March 21 & 22 in Glendive and March 28 & 29 in Kalispell. Participants will bring their district's budget data sheets, enrollment reports, and prior year budgets and will work through the general fund budget during the session using manual worksheets. OPI Budget Staffers, Bonnie Maze and Nancy Hall, will be presenting at all three workshops.

Contact Lynda Brannon, MASBO Executive Director at (406) 442-5599 to register. There is a charge for the workshop.

In case you missed it.....

FY05 General Fund Excel Spreadsheets are available at

<http://www.opi.state.mt.us/schoolfinance/excel.html>

Useful Websites



List of all Official OPI E-Mails:

http://www.metnet.state.mt.us/Official_Mail

Fill-In Forms Provided by MASBO: Several fill-in forms (TR-1, TR-4, and grant cash request forms) are available on the

MASBO website at <http://www.masbo.com>.

Special thanks to MASBO's Roger Heimbigner, who developed the forms!

OPI's GASB 34 Web Page:

<http://www.opi.state.mt.us/schoolfinance/gasb34.html>.

OPI's "Get Answers" searchable databases:

http://data.opi.state.mt.us/scripts/rightnow.cfg/php.exe/enduser/std_alp.php

Bus Safety and Driver Training Videos:

<http://www.opi.state.mt.us/pdf/pupiltransport/TrainingVideos.pdf>

School Finance forms and publications: <http://www.opi.state.mt.us/schoolfinance/forms.html>

FP-14 Student Attendance Agreement

<http://www.opi.state.mt.us/PDF/SchoolFinance/forms/FP14.pdf>

FP-14A Special Tuition Rates (used with FP-14)

<http://www.opi.state.mt.us/PDF/SchoolFinance/Tuition/SpecTuitRates.pdf>

2004 Elections Calendar:

<http://www.opi.state.mt.us/PDF/SchoolFinance/forms/2004ElectionCal.pdf> . Need more information about elections? Contact Mike Waterman at (406) 444-4524 or mwaterman@state.mt.us.

CFDA Numbers for Federal Grants: <http://www.opi.state.mt.us/FederalPrograms/handbook.html> (Appendix F of the OPI State and Federal Grants Handbook)

Budget Amendment Packet: OPI offers a packet of information about the budget amendment process for school districts:

<http://www.opi.state.mt.us/pdf/schoolfinance/forms/2002bapacket.pdf>

Montana Codes Annotated (MCA) Online:

<http://www.opi.state.mt.us/masterMCASearch.htm>

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